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STATE OF MICHIGAN
DEPARTMENT OF TREASURY
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DRAFT
Bulletin 6
Public Act 34 of 2001, Revised Municipal Finance Act

Qualifying Statement Revisions; Changes to Filing Process

Issued By: Local Audit and Finance Division, Bureau of Local Government Services

Effective Date: ??

I. Notice of 30-day Public Comment Period for Proposed Bulletin

As provided by Section 307 of the Revised Municipal Finance Act (Public Act 34 of 2001), before any bulletin issued by the Department that addresses filings or approvals can take effect, there must be not less than a 30-day public comment period. This proposed bulletin is being distributed in fulfillment of that requirement. Additional copies may be obtained through the Department's website at www.michigan.gov/treasury by selecting "Local Government Services" then "Municipal Finance" and finally, clicking the link for "Draft Bulletin 6."

II. Elements of Proposed Bulletin

In general, this proposed bulletin seeks to clarify and streamline the qualifying statement that is required to be submitted to the Department under the Revised Municipal Finance Act. More specifically and first, the proposed bulletin includes a revised qualifying statement for discussion (see attached). Secondly, it will address a new method to electronically file the qualifying statement. Finally, the proposed bulletin will address a new process to submit a reconsideration request.

A. Qualifying Statement Form: The online qualifying statement form will undergo minor revisions in an effort to clarify certain questions, add some new questions to better mirror the statutory qualification criteria, and overall, become more user-friendly. Some of the specific proposed changes include:

1. Adding information buttons on the form to provide interactive instruction.
2. Adding a question to obtain the municipal code (municode) under which the audit is filed, i.e., an authority included in the primary unit's audit.
3. Eliminating the requirement to enter state equalized value (SEV) and population.
4. Separating compound questions.

5. Specifically asking about debt limitation compliance as authorized by Section 303(3)(f) of the Revised Municipal Finance Act.
6. Specifically asking about security report and other post-issuance filing compliance stemming from the authorization granted in Section 303(3)(o).
7. Eliminating questions or statements in which the Department already has the answer such as the timely filing of an audit report and operating under a local government fiscal responsibility act.

A copy of the proposed, revised qualifying statement is attached below for your review.

B. Electronic Filing: The manner and form in which a qualifying statement is submitted will be changed in the following ways:

1. The qualifying statement form will be a portable document form (PDF) that can be downloaded and saved. The form is fillable so once it is completed it can be saved with all the data intact.
2. The qualifying statement will no longer be completed online and submitted. Instead, the completed PDF will be uploaded through the Department of Treasury website in a manner similar to filing an audit report. The upload page can be found at www.michigan.gov/treasury, clicking on Local Government Services, then Online Filing. Choose the Online Qualifying Statement link.
3. Each uploaded file must use the appropriate naming convention, which is the municipality's six digit municode + fiscal year + QStmt (Example: 7830402012QStmt). The system will only accept one qualifying statement per fiscal year.
4. The username and password used for the current system cannot be used for this new system. Please call the Local Audit and Finance Division at 517-373-3227 to obtain a new username and password.

The purpose for the change in the way the qualifying statement is filed is to utilize one system for all forms filed with the Local Audit and Finance Division. It is our intention to convert forms such as the prior approval application and security report to an electronic filing in the near future.

The benefit of this system is that it gives you the ability to save a copy of the qualifying statement as submitted. The new system will also allow us to determine qualified status within a 48 hour period in most cases. Status letters will be posted in the same manner as they are now.

Although Public Act 34 of 2001 requires the Chief Administrative Officer (CAO) to file the qualifying statement, we will allow that responsibility to be designated. We strongly encourage you to use the certified public accountant (CPA) responsible for the municipality's financial audit as a designee as this will ensure that the qualifying

statement and the audit report are filed at the same time causing no delay in processing the qualifying statement. The filer will be required to indicate on the qualifying statement form if they are the CAO or the designee. Should the municipality choose to use its CPA, it is not necessary for the municipality to obtain a username and password. It is likely the CPA already has a username and password for filing audits and the CPA can use this to file the qualifying statement.

C. Reconsideration Request: Public Act 34 of 2001 allows a municipality to file a reconsideration to correct noncompliance issues identified in the original qualifying statement filing. This process will change as well. A municipality will submit a reconsideration using the same PDF form completing it in its entirety with the correct or amended information. The reconsideration request will be filed in the same manner as the qualifying statement. However, the file naming convention will be different. In the case of a reconsideration, the file must be named using the following: six digit municode + fiscal year + QSrecon (Example: 7830402012QSrecon). The system will only accept one reconsideration request per fiscal year.

III. Written Comments to Proposed Bulletin

All comments in response to this proposed bulletin must be received by the Department, in writing, on or before February 14, 2013. Your written comments may be sent to the Department through any of the following means:

E-mail: Treas_MunicipalFinance@michigan.gov. Please use the term "QS Bulletin" in the subject line

Fax: 517-373-0633, Attention Suzanne Schafer